

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6588**

**BILL NUMBER:** SB 254

**NOTE PREPARED:** Dec 27, 2013

**BILL AMENDED:**

**SUBJECT:** Three-Way Permits in Unincorporated Towns.

**FIRST AUTHOR:** Sen. Arnold J

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows the Alcohol and Tobacco Commission (ATC) to grant a three-way alcoholic beverage permit to a restaurant or new restaurant located within an unincorporated town if the unincorporated town in which the restaurant is located satisfies certain criteria. It provides that the restaurant is not subject to any annual or monthly gross food sales requirement.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** The ATC's administrative expenditures could increase if additional restaurants apply for a three-way permit. However, any increase is likely to be small and would be offset by revenue from permit fees.

**Explanation of State Revenues:** *Summary-* Revenue from permit fees could increase to the extent that the ATC issues new three-way permits to restaurants in unincorporated towns in addition to permits that would have been issued otherwise. Three-way permits under this bill would be subject to the quota of one permit per 1,500 people in the unincorporated town. The annual fee for a three-way permit is \$1,000.

To the extent that statewide alcoholic beverage sales increase because additional restaurants obtain three-way permits, revenue from the alcoholic beverage tax and sales tax could potentially increase. However, any increase in sales tax would likely be small because consumers may reduce purchases of other taxable items if they spend more on alcoholic beverages.

*Additional Information-* Permit fee revenue is distributed to the state General Fund (37%); the general funds of cities, towns, and counties based on population (33%); and the Enforcement and Administration Fund (30%).

Revenue from alcoholic beverage taxes is distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund, Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is set aside for General Fund purposes, and 50% is allocated to cities and towns according to a formula based on population.

Sales tax revenue is deposited in the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local revenue could increase to the extent that a local unit receives allocations from permit fee revenue or alcoholic beverage tax revenue.

**State Agencies Affected:** Alcohol and Tobacco Commission.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Lauren Sewell, 232-9586.